Supreme Court, U.S.
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92-1009

No.

IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1992

GREATER ANCHORAGE, INC.,

Petitioner

versus

VERNON NOWELL,

Respondent

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

1. Does an owner of a federally registered trademark have to show that the use of her trademark by an infringer is a nonfunctional use in order to prevail in an action for infringement?

2. Does a disclaimer "not associated with" or equivalent language avoid infringement and avoid damage to the trademark owner?

LIST OF PARTIES

The parties to the proceedings below were the Petitioner Greater Anchorage, Inc. and the Respondent Vernon Nowell.

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IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1992

GREATER ANCHORAGE, INC., Petitioner

v.

VERNON NOWELL, Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

The Petitioner Greater Anchorage, Inc. respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled proceeding on September 14, 1992.

OPINIONS BELOW

The opinion of the Court of Appeals for the Ninth Circuit is reported at 974 F.2d 1342, and is reprinted in the appendix hereto, pp. 2a-18a, infra.

The Order of the United States District Court for the State of Alaska, Anchorage Division, has not been reported. It is reprinted in the appendix hereto, pp. 19a-23a, infra.

The District Court's Order denying motion to amend or alter Judgment has not been reported. It is reprinted in the appendix hereto, pp. 24a-27a, infra.

JURISDICTION

Invoking federal jurisdiction under 28 U.S.C Section 1338(a) and 28 U.S.C. Section 1338(b), the Petitioner brought this suit in the United States District Court for the State of Alaska, Anchorage Division. On September 19, 1990 the District Court granted the Petitioner's motion for summary judgment enjoining the Respondent from selling or marketing the Respondent's pins without disclaimer language.

On September 28, 1990 the Petitioner filed a motion to alter or amend the District Court's Order, seeking to enjoin the Respondent from any further use whatsoever of the Petitioner's trademark. On October 23, 1990 the District Court issued an Order denying the Petitioner's motion to amend or alter judgment. See pp. 24a-27a, infra.

On Petitioner's appeal, the Ninth Circuit entered a judgment and an opinion on September 14, 1992, affirming the District Court's Order. See p. 18a, infra.

The jurisdiction of this Court to review the judgment of the Ninth Circuit is invoked under 28 U.S.C. Section 1254(1).

STATUTE INVOLVED

15 U.S.C. Section 1114(1). **Remedies; infringement; innocent infringement by printers and publishers**

(1) Any person who shall, without the consent of the registrant -

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause

confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. Section 1125(a). **False designations of origin and false description forbidden**

(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or

misleading representation of fact, which -

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. Section 1115(b). **Registration on principal register as evidence of exclusive right to use marks; defenses**

(b) To the extent that the right

to use the registered mark has become incontestable under section 15 [§ 1065], the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15 [§1065], or in the renewal application filed under the provisions of section 9 [§1059] if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof

of infringement as defined in section 32 [§1114], and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise that as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of an used fairly and in good faith only to

describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c) [§1057 (c)], (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: **Provided, however,** That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered

and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: **Provided, however,** That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That equitable principles, including laches, estoppel, and acquiescence are applicable.

STATEMENT OF THE CASE

Petitioner, Greater Anchorage, Inc. (GAI), dba Anchorage Fur Rendezvous, is a non-profit corporation organized under the laws of the State of Alaska, having its principal place of business in Anchorage, Alaska. The Petitioner, among other things, organizes and conducts an entertainment festival known as Fur Rendezvous.

The Petitioner is the owner of Registration No. 1,051,513, for the service mark "FUR RENDEZVOUS," issued on October 26, 1976, valid until October 25, 1996, which became incontestable under Section 1115(b). The Petitioner, or its predecessor in title, has used the service mark "FUR RENDEZVOUS" in interstate commerce since at least as early as 1936.

To support the festival, the Petitioner sells concession items utilizing its FUR RENDEZVOUS mark in

conjunction with the festival. Among the concession products the Petitioner sells are printed buttons, commemorative pins and badges. One particular product sold by the Petitioner is a commemorative pin denoting the annual Fur Rendezvous with that service mark shown in conjunction with the year commemorated.

Respondent, Vernon Nowell, manufactured for sale during FUR RENDEZVOUS 1989 5,000 pins that promitently displayed the words "FUR RENDEZVOUS" superimposed on a pendant with no lettering on the back and 5,000 identical pins that had on the back a disclaimer of association with Greater Anchorage, Inc. See appendix, pp. 20a-21a, infra. During the year of 1989, several notices were sent to the Respondent requesting that he discontinues use of "FUR RENDEZVOUS" because its use was an infringement of the Petitioner's

mark "FUR RENDEZVOUS." In December 1989 the Respondent requested the Petitioner's permission to use the mark "FUR RENDEZVOUS" on the Respondent's photos. An agreement could not be reached between the Petitioner and the Respondent.

The Respondent claims that he is selling photographic reproductions of an early FUR RENDEZVOUS badge. He also alleges he is the owner of a copyright to Photos of 1939 Fur Rendezvous Program Book and Pendant.

The Petitioner claims that it has the exclusive right to use the mark "FUR RENDEZVOUS," as the owner of Registration No. 1,051,513, issued by the United States Patent and Trademark Office, which has become incontestable. The Petitioner also claims that the use by the Respondent of "FUR RENDEZVOUS" on and in connection with the Respondent's product is likely to cause confusion or mistake or deceive

purchasers as to the source of origin of such product.

On February 17, 1989 the Petitioner began a civil action in the United States District Court for the State of Alaska, Anchorage Division, seeking to permanently enjoin the Respondent from using "FUR RENDEZVOUS" or any other counterfeit, copy, or colorable imitations of the Petitioner's "FUR RENDEZVOUS" on or in connection with the manufacture, distribution, advertising, and sale of any goods, including, but not limited, to commemorative pins. The Petitioner also sought to recover damages and the Respondent's profits resulting from the sale of commemorative pins under the trademark "FUR RENDEZVOUS." Both parties moved for summary judgment.

On September 19, 1990 the United States District Court for the State of Alaska issued an Order granting the

Petitioner's motion for summary judgment to the extent that the Respondent was prohibited from selling or marketing pins without disclaimer language affixed to the reverse side of the pins, so as to make it clear that the Respondent's pins were not affiliated with, or sponsored by, the Petitioner. The District Court also directed the Respondent to include similar disclaimer language in any advertising of, and at any sales outlets for, the pins. See appendix, pp. 21a-22a, infra.

On September 28, 1990 the Petitioner moved to alter or amend the District Court's Order pursuant to Rule 59(e) of the Federal Rules of Civil Procedure.

On October 23, 1990 the United States District Court for the District of Alaska issued an Order denying the Petitioner's motion to amend the judgment. See appendix, pp. 24a-27a, infra.

In due course, the Petitioner took

appeal to the Ninth Circuit from the Order issued by the District Court. The Petitioner invoked the Ninth Circuit's jurisdiction under 28 U.S.C. Sections 1338(a) and 1338(b). The issue presented to the court was whether a disclaimer "not associated with" or equivalent language avoids infringement and avoids damage to the trademark owner.

Before the Ninth Circuit the Petitioner, seeking to reverse the District Court's Order, alleged that as an owner of an incontestable service mark registration it has absolute rights in the registered mark and that its registration is conclusive evidence of its exclusive right to use the registered mark in commerce.

On cross-appeal the Respondent alleges, inter alia, that the Petitioner's registration does not give it the right to a historical artifact and that the

disclaimer notice is sufficient in this case. On September 14, 1992 the Ninth Circuit issued a decision affirming the District Court's Order on the basis that the Petitioner had failed to provide any evidence that the Respondent's "use of the words "Fur Rendezvous" serves a nonfunctional purpose...." See appendix, p. 3a, infra.

The Ninth Circuit thereupon addressed the exclusive right to use a registered mark issue. In the Ninth Circuit's own words (appendix pp. 9a-10a, infra), "Greater Anchorage argues that it has an exclusive right to use the words "Fur Rendezvous" because it has registered that mark. Registration of a mark, however, does not automatically result in an exclusive right to use the mark. Sardi's Restaurant Corp. v. Sardie, 755 F.2d 719, 726 (9th Cir. 1985)."

As to the Petitioner's allegation of the Respondent's unfair benefit from its service mark, the Ninth Circuit addressed the issue stating (appendix pp. 10a-11a, infra):

> A party does not infringe a mark simply because that party benefits from the existence of the mark. "'[O]ne can capitalize on a market or fad created by another provided that it is not accomplished by confusing the public into mistakenly purchasing the product in the belief that the product is the product of the competitor.'" International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 919 (9th Cir. 1980) (quoting American Footwear Corp. v. General Footwear Co., Ltd., 609 F.2d 655, 662 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980)), cert. denied, 452 U.S. 941 (1981).

With the above statement, the Ninth Circuit concluded that the Respondent did not infringe the Petitioner's mark simply because the Fur Rendezvous may have created a market for the Respondent's pins. See appendix p. 11a, infra.

The Ninth Circuit thereupon addressed the likelihood of consumer confusion issue, suggesting that difference exists between the use of a name for functional purposes and the use of a name to identify the trademark owner as the source of goods. See appendix p. 12a, infra.

Accordingly, the Ninth Circuit affirmed the District Court's Order on the basis that the Respondent's use of the Petitioner's registered mark served an aesthetic purpose only and was, therefore, unlikely to cause confusion. See appendix p. 12a, infra.

REASONS FOR GRANTING THE WRIT

I.

The Ninth Circuit's "functional trademark doctrine" is not the appropriate test to decide likelihood of confusion issues in infringement cases involving federally registered trademark or service mark, and conflicts with decisions of other circuits.

The Trademark Act, 15 U.S.C. Section 1051 et seq. (1988), also known as the "Lanham Act," provides a federal cause of action for trademark infringement. Section 1125(a) of the Lanham Act was revised in 1988 to specifically provide a federal cause of action for unfair competition of nonregistered trademarks, trade dress, certain nonfunctional configurations of goods and actionable false advertisement.[1] In fact, the legislative history shows that since the enactment of the Lanham Act in 1946 courts have interpreted Section 1125(a) as providing a federal cause of action for unfair competition in those cases. The 1988 revision of the Lanham Act codified this interpretation.

It has been widely recognized by the courts that, although not federally registrable, a trade dress is protected by

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[1]Rep. No. 515, 100th Cong., 2d Sess. 40 (1988).

the Lanham Act, and any infringement thereof can be estopped under Section 1125(a) of the Lanham Act. See Two Pesos, Inc. v. Taco Cabana, Inc., 112 S.Ct. 2753 (1992). Federal protection of trade dresses and federal protection of a registered trademark or service mark are, however, two different things, and courts have recognized this difference. See Merchant & Evans, Inc. v. Roosevelt Bldg. Prod. Co., Inc., 963 F.2d 628 (3d Cir. 1992) (where the court used different approaches to decide on the issues of likelihood of confusion for trade dress and for federally registered trademark infringement).

There is no dispute that the ultimate issue in trademark infringement cases is likelihood of confusion, whether the cause of action is for infringement of a federally registered trademark or whether the cause of action is for unfair

competition. However, the elements to be shown in these two different causes of actions vary according to the cause of action invoked. See Taco Cabana, 112 S.Ct. 2753 (1992) (where this Court recognized that three concepts are applied to actions under Section 1125(a), namely, secondary meaning, nonfunctionality, and likelihood of confusion).

The Ninth Circuit, however, since its decision in Int'l Order of Job's Daughters v. Lindeburg and Co., 633 F.2d 912 (9th Cir. 1980), cert. denied, 452 U.S. 941 (1981), has insisted upon confusing the two different causes of actions as well as elements to be shown in each.

The Ninth Circuit relied heavily on its Job's Daughters decision, where that Court had found that the defendant had copied ornamental features of the trademark disputed therein, as opposed to non-

functional features. Id. What the Ninth Circuit seemed to have missed, however, was the fact that Job's Daughters was an action for infringement of a nonregistered trademark, based on Section 1125(a) of the Lanham Act, for unfair competition. Job's Daughters represents the initiation of the Ninth Circuit's misinterpretation regarding elements of a cause of action to show trademark infringement and elements of a cause of action to show trade dress infringement.

Briefly, in Job's Daughters, the Ninth Circuit relied on its decision in Pagliero v. Wallace China, Co., 198 F.2d 339 (9th Cir. 1952), as a source of the functional doctrine. As well put by the court in Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004 (5th Cir. 1975), "Pagliero involved designs on chinaware which were neither trademarked, patented nor copyrighted. The

court found no unfair competition on the ground that the designs were functional, that is, that they connoted other than a trademark purpose." Id. at 1012.

The functional trademark doctrine, authored by the Ninth Circuit, gives an infringer a "free ride" on the reputation a trademark owner builds in connection with the use of her federally registered trademark, and has been criticized. In the words of Gilson, "if all trademarks could be used "ornamentally" by anyone who chooses, without control by the trademark owner, the protection of trademarks would suffer a serious setback." 1 Jerome Gilson, Trademark Protection and Practice § 5-127 (Matthew Bender, New York, 1990).

The Ninth Circuit seeks justification for its "functional trademark doctrine" in the thought that (appendix p. 12a, infra):

> If the use of a mark serves only a functional purpose, there is not a likelihood of confusion. "Trademark

> law does not prevent a person from copying so-called 'functional' features of a product which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product." Job's Daughters, 633 F.2d 912, 919 (9th Cir. 1980).

Accordingly, the Ninth Circuit stated that the Petitioner had the burden of proving that its mark serves a nonfunctional purpose. (appendix p. 14a, infra). Such a burden, however, has been imposed on plaintiffs seeking to protect trade dresses under Section 1125(a). The Ninth Circuit's view is in direct contradiction with the body of case law involving infringement of a federally registered trademark. See e.g. Plus Prod. v. Plus Discount Foods, Inc., 722 F.2d 999 (2d Cir. 1983) (where plaintiff sued defendant under Section 1114 and Section 1125(a) for trademark infringement and was required to show likelihood of confusion). See also Interpace Corp. v. Lapp Inc., 721

F.2d 460 (3d Cir. 1983) (Section 1114 and Section 1125(a) causes of actions, where that court recognized that once plaintiff shows likelihood of confusion, he is entitled to injunctive relief).

As the Third Circuit stated in its holding in Merchant & Evans, Inc. v. Roosevelt Bldg. Prod. Co., Inc., 963 F.2d 628 (3d Cir. 1992):

> [T]o qualify for trade dress protection, plaintiff must show that (1) imitated feature is nonfunctional, (2) that feature has acquired a "secondary meaning," and (3) that consumers are likely to confuse source of plaintiff's product with that of defendant's product.

Id. at 632.

This view has been widely accepted by other Circuits. See e.g. Hartford House Ltd. v. Hallmark Cards, 846 F.2d 1268 (10th Cir. 1988), where that court stated that:

> For a plaintiff to establish unprivileged imitation, prevail on a trade dress infringement claim, and thus prevent copying of the appearance of a product, (1) the trade dress, whether a single feature or a combination of features, must be

> nonfunctional; (2) the trade dress must have acquired secondary meaning and (3) there must be a likelihood of confusion among consumers as to the source of the competing products.

Id. at 1271, citing Brunswick, Corp. v. Spinit Reel Co., 832 F.2d at 517 (1987) (footnote omitted).

To require an owner of a federally registered trademark to make a showing that her trademark has a nonfunctional purpose would impose an unnecessary burden upon her. The inevitable result would be inhibition of competition and the undermining of federally acquired rights. This was certainly not Congress' intention in enacting the Lanham Act.

The Ninth Circuit has thus created confusing precedents, likely to generate further confusion among the other Circuits. It is a precedent directly at odds with Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1011 (5th Cir. 1975), where the Fifth Circuit recognized that the following are

the elements to be established in a Section 1114 cause of action:

1) Plaintiff's mark must be validly registered;

2) Defendant must have manufactured and sold goods which were substantial duplications of the mark:

a) without the plaintiff's consent; and

b) in interstate commerce

3) Defendant used the plaintiff's mark in connection with sale of goods; and

4) Such use is likely to cause confusion, mistake or deception.

In view of the above, plenary consideration of the matter by this Court is essential.

II.

The decision below that a disclaimer used in connection with nonauthorized use of a trademark or service mark prevents the public from confusion is wrong and conflicts with other

Circuits.

The primary issue in cases involving trademark infringement is whether the public is likely to be confused about the source or sponsorship of the goods. Actual confusion need not be shown. See San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm., 483 U.S. 522, 107 S.Ct. 2971 (1987).

The Ninth Circuit has developed another way of stating the issue. In its own words, "The question is whether the product, including the disclaimer, is likely to confuse the consumer as to the source or sponsorship of the goods." (appendix p. 12a, infra)

The approach taken by the Ninth Circuit in the case at bar conflicts with the Second Circuit's approach in cases involving likelihood of confusion. See Plus Prod. v. Plus Discount Foods, Inc., 722 F.2d 999 (2d Cir. 1983); See also

Mushroom Makers, Inc. v. R. G. Barry Corp., 580 F.2d 44 (2d Cir. 1978)(crucial issue is whether there is any likelihood that an appreciable number of ordinarily prudent purchasers will be misled or simply confused as to the source of the goods in question).

In addition, the Ninth Circuit developed the rationale that the use by an infringer of a federally registered trademark is turned into a legal use by the adoption of a disclaimer. In the Ninth Circuit's own words, "Given the point of sale disclaimers, however, as well as the disclaimers on the pins, it is very unlikely that someone will believe that Greater Anchorage endorsed or produced the pins." (appendix p. 16a, infra)

The Ninth Circuit seeks justification of its theory by relying on evidence that customers actually believed that the Respondent's pins were illegal. Following

this line of reasoning, the Ninth Circuit concluded that "there is no evidence that people actually believe that [the Respondent's] pins are associated with [Petitioner]." (appendix p. 16a, infra)

This conclusion is in direct conflict with other court's decisions which have ruled that evidence of actual confusion need not be shown in order to find infringement. See U.S. Jaycees v. Philadelphia Jaycees, 639 F.2d. 134 (3d Cir. 1981) (in trademark infringement case, actual confusion need not be shown). See also Interpace Corporation v. Lapp, Inc., 721 F.2d 460 (3d Cir. 1983) (once trademark owner demonstrates likelihood of confusion, it is entitled to injunctive relief).

Furthermore, the Ninth Circuit's decision is also in direct opposition with the Seventh Circuit's decision in Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc., 846 F.2d 1079, 1093 (7th Cir.

1988), where that Circuit held that "Especially where the infringement in issue is a verbatim copying of the plaintiff's name, we are convinced that plaintiff's reputation and goodwill should not be rendered forever dependent on the effectiveness of fineprint disclaimers often ignored by consumers." It also conflicts with the Third Circuit's decision in U. S. Jaycees v. Philadelphia Jaycees, 639 F.2d 134 (3d Cir. 1981), where that Court held:

> Although avoidance of confusion should always be a major concern of a court in a trademark case, it is not the overriding principle when the court is confronted with firm statutory rights .... Protection of infringers is not a purpose of the Lanham Act. On the contrary, the Act's objective is the protection of the trademark and the public.... [W]e hold that the avoidance of confusion to the infringer's interests cannot support an order permitting continued use of the trademark even if it is in juxtaposition with the infringer's locale and accompanied by a disclaimer of affiliation with the trademark owner.

Id. at 141-2.

In addition, disclaimers have been directed by courts in trademark infringement cases to balance equities. They belong to very specific cases. In the Second Circuit, for example disclaimers have been required in cases where the plaintiff's and the defendant's trademarks are identical, but are used on different kinds of products. See Soltex Polymer Corp. v. Fortex Indus., Inc., 832 F.2d 1325 (2d Cir. 1987). See also Plus Prod. v. Plus Discount Foods, Inc., 722 F.2d 999 (2d Cir. 1983); Mushroom Makers, Inc. v. R. G. Barry Corp., 580 F.2d 44 (2d Cir. 1978). The only cases decided by the Second Circuit of which the Petitioner is aware, where the plaintiff's and defendant's trademarks and products were the same and a disclaimer was required are those cases where the trademarks were both the plaintiff's and the defendant's surnames. See Joseph Scott Co. v. Scott Swimming Pools, Inc., 764 F.2d

62 (2d Cir. 1985). See also Taylor Wine Co., Inc. v. Bully Hill Vineyards, Inc., 590 F.2d 701 (2d Cir. 1978).

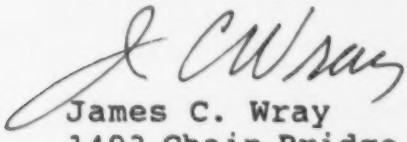
Other Circuits have followed the same line of rationale with slight variations. See Dallas Cap, 510 F.2d 1004 (5th Cir.), cert. denied 423 U.S. 868 (1975) (same trademarks, same products, permanent injunction). Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc., 846 F.2d 1079 (7th Cir. 1988) (same trademarks, different products, permanent injunction). But see Hyatt Corp. v. Hyatt Legal Services, 736 F.2d, 1153 (7th Cir. 1984) (same tradenames, different products, permanent injunction).

In sum, lower courts need guidance from this Court as to the extent of exclusive rights to use a federally registered trademark.

CONCLUSION

For the various reasons cited herein, this petition for certiorari should be granted.

Respectfully submitted,



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December 14, 1992

APPENDIX

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

Nos. 91-35232 & 91-35473

GREATER ANCHORAGE, INC.
Plaintiff-Appellee

v.

VERNON NOWELL
Defendant-Appellant

GREATER ANCHORAGE, INC.
Plaintiff-Appellant

v.

VERNON NOWELL
Defendant-Appellee

MEMORANDUM[1]

DECIDED SEPTEMBER 14, 1992

Appeal from the United States District Court
for the District of Alaska
James K. Singleton, District Judge, Presiding

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[1]This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by 9th Cir. R. 36-3.

Argued and Submitted August 18, 1992
Anchorage, Alaska

Before: HUG, D.W. NELSON, and T.G. NELSON, Circuit Judges.

This is a service mark infringement case. Appellant Greater Anchorage, Inc. argues that appellee Vernon Nowell infringes Greater Anchorage's service mark by using the words "Fur Rendezvous" on the lapel pins he sells even though the pins have disclaimers on them. The district court ruled that Nowell may continue to sell his pins as long as he sells them with the disclaimer, but denied Nowell attorneys' fees. Because Greater Anchorage has failed to provide any evidence that Nowell's use of the words "Fur Rendezvous" serve a nonfunctional purpose, we affirm.

I.

The Fur Rendezvous is a winter festival held in Anchorage, Alaska. The first winter festival in Anchorage was held

in 1936 under the name "Winter Spots Tournament". In 1937, a festival was held which was called the "Winter Sports Festival and Fur Rendezvous". A festival called "Anchorage Fur Rendezvous" was held in 1938. Many festivals have been held in the years since. A variety of corporations sponsored these festivals until 1956 when appellant Greater Anchorage, Inc. was incorporated.

On October 26, 1976, Greater Anchorage registered the service mark "Fur Rendezvous". A service mark is entitled to the same protection as a trademark. 15 U.S.C. § 1053 (1988); American Int'l Group, Inc. v. American Int'l Bank, 926 F.2d 829, 830 n.1 (9th Cir. 1991). Greater Anchorage sells a variety of goods that have the words "Fur Rendezvous" on them, including a commemorative pin that states "50th Anniversary 1935-1985". Along the rim of that pin are the words "Fur Rendezvous 1988

Anchorage Alaska".

Nowell owns one of the lapel pendants worn by the Fairbanks Delegation to the 1939 Fur Rendezvous Festival. The pendant has a picture of a wolf with the words "Fur Rendezvous Anchorage Alaska Feb. 18-21-1939". Nowell made a copyrighted photograph of this pendant and subsequently made a pin out of the photograph. In addition to the picture of the pendant, the pin included, on the boundary of the pin, the words "Fur Rendezvous" and "1939 Remembered". Nowell sold the pin at a few places in Anchorage, including at the Fur Rendezvous itself. He did not advertise the pins.

When Nowell began selling the pins, he did not know that Greater Anchorage had the service mark for "Fur Rendezvous". When Greater Anchorage objected to Nowell selling the pins, Nowell, in consultation with his attorney, developed a disclaimer,

glued to the back of the pins, which states, "This pin, and V.L. Nowell, have no connection whatever with, nor has the pin been approved by, Anchorage Fur Rendezvous, Inc., or Greater Anchorage, Inc." In addition, the disclaimer explains that "Fur Rendezvous is a registered trademark of Greater Anchorage, Inc." Moreover, at the Fur Rendezvous, when Nowell sold these pins, Nowell handed out fliers explaining the history of the festival and the pin, and explicitly stating that "This pin has no connection with nor has it been approved by Anchorage Fur Rendezvous, Inc. or Greater Anchorage, Inc." In addition, these new pins no longer have the words "Fur Rendezvous" along the boundary of the pin. The words "Fur Rendezvous" only appear on the pendant.

Greater Anchorage was not satisfied with these steps. It attempted to confiscate the pins from Nowell at his

booth at the Fur Rendezvous. Customers at Nowell's booth at the 1989 Fur Rendezvous told him that people at other booths had told them that Nowell's pins were illegal. Nowell's attempts to enter into a licensing agreement with Greater Anchorage were unsuccessful.

Greater Anchorage filed a complaint in federal court, alleging that Nowell had infringed its service mark in violation of 15 U.S.C. § 1114. It sought damages and an injunction preventing Nowell from selling any pins. Greater Anchorage refused to enter into settlement negotiations. Both parties moved for summary judgment.

The district court found that the pins without the disclaimer were likely to cause confusion but that the pins with the disclaimer were not likely to cause confusion. The court therefore enjoined Nowell from selling pins without the disclaimer but permitted Nowell to sell the

pins with the disclaimer as long as he also included similar disclaimers in any advertising and at sales outlets for the pins. The district court also denied summary judgment on the issue of damages, and denied Nowell's motion for attorneys' fees.

Greater Anchorage appeals the district court's decision to permit Nowell to sell pins with the disclaimer language. Nowell appeals the district court's denial of attorneys' fees.

II.

A.

The district court had jurisdiction under 28 U.S.C. § 1338(a) and we have appellate jurisdiction under 28 U.S.C. § 1292. We review a grant of summary judgment de novo to determine whether, viewing the evidence in the light most favorable to the nonmoving party, there are any genuine issues of material fact and

whether the district court applied the correct substantive law. Tzung v. State Farm Fire & Cas. Co., 873 F.2d 1338, 1339-41 (9th Cir. 1989). We review the district court's denial of attorneys' fees for an abuse of discretion. Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1014 (9th Cir. 1985), cert. denied, 474 U.S. 1059 (1986).

Greater Anchorage contends that Nowell's pins violate 15 U.S.C. § 1114(1)(a) (1988), which provides:

> (1) Any person who shall, without the consent of the registrant--
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . .
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Greater Anchorage argues that it has

an exclusive right to use the words "Fur Rendezvous" because it has registered that mark. Registration of a mark, however, does not automatically result in an exclusive right to use the mark. Sardi's Restaurant Corp. v. Sardie, 755 F.2d 719, 726 (9th Cir. 1985).

Greater Anchorage also claims that Nowell has unfairly benefitted from its service mark. A party does not infringe a mark simply because that party benefits from the existence of the mark. "'[O]ne can capitalize on a market or fad created by another provided that it is not accomplished by confusing the public into mistakenly purchasing the product in the belief that the product is the product of the competitor.'" Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 919 (9th Cir. 1980) (quoting American Footwear Corp. v. General Footwear Co., Ltd., 609 F.2d 655, 662 (2d Cir. 1979),

cert. denied, 445 U.S. 951 (1980), cert. denied, 452 U.S. 941 (1981). Thus, Nowell did not infringe Greater Anchorage's trademark simply because the Fur Rendezvous may have created a market for his pins.

The primary issue in cases arising under section 1114 is whether the public is likely to be confused about the maker, sponsor, or endorser of a product. Job's Daughters, 633 F.2d at 917. Whether there is a likelihood of confusion is a question of fact, Eclipse Assoc. Ltd. v. Data General Corp., 894 F.2d 1114, 1118 (9th Cir. 1990), and the plaintiff bears the burden of proof, Americana Trading, Inc. v. Russ Berrie & Co., 966 F.2d 1284, 1287 (9th Cir. 1992).

Greater Anchorage argues that disclaimers cannot eliminate the likelihood of confusion. This court, however, has determined that a disclaimer can be an appropriate way of avoiding the likelihood

of confusion. See, e.g., Sardi's, 755 F.2d at 725-26; Friend v. H.A. Friend & Co., 416 F.2d 526, 530-31 (9th Cir. 1969), cert. denied, 397 U.S. 914 (1970). The question is whether the product, including the disclaimer, is likely to confuse the consumer as to the source or sponsorship of the goods.

If the use of a mark serves only a functional purpose, there is not a likelihood of confusion. "Trademark law does not prevent a person from copying so-called 'functional' features of a product which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made sponsored, or endorsed a product." Job's Daughters, 633 F.2d at 917. As this court recognized in Job's Daughters,

> It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to

> be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.

Id. at 918.

The Job's Daughters court concluded that, in determining whether the use of a name serves solely a functional purpose, or whether it serves to identify the trademark owner as the source or sponsor of goods, "a court must closely examine the articles themselves, the defendant's marketing practices, and any evidence that consumers have actually inferred a connection between the defendant's product and the trademark owner." Id. at 919.

In Job's Daughters, the alleged infringer produced jewelry bearing the insignia of Job's Daughters, a fraternal organization. The court concluded that the name and emblem were "functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship." Id. at 918; Cf. Rachel v. Banana Republic, Inc., 831 F.2d 1503, 1506-07 (9th Cir. 1987) (directed verdict against trade dress infringement claim appropriate when facial features of plaintiff's artificial animal heads were functional).

In Vuitton et Fils S.A. v. J. Young Enterprises, Inc., 644 F.2d 769, 776 (9th Cir. 1981), this court determined that there was a material issue of fact regarding the functionality of the fabric design on Vuitton's luggage. The court based its decision in large part on a

luggage buyer's affidavit which stated that people did not buy Vuitton's luggage because they found the design aesthetically pleasing; rather, the design contributed to the luggage's commercial success because it associated the product with Vuitton. Id. at 775.

Greater Anchorage had the burden of proving that its mark serves a nonfunctional purpose. Rachel, 831 F.2d at 1506. Therefore, it was incumbent upon Greater Anchorage to present some evidence raising a genuine issue of fact regarding the functionality of the mark on Nowell's pin.

Unlike in Vuitton, the plaintiff here has presented no evidence that people buy the defendant's product because they believe the plaintiff is the source or sponsor of the defendant's goods. In fact, according to Nowell's interrogatory responses, customers actually believed that

the pins were "illegal". Thus, there is no evidence that people actually believe that Nowell's pins are associated with Greater Anchorage.

We must also consider Nowell's marketing practices. Nowell sells his pins at the Fur Rendezvous. By itself, this might lead a customer to believe that the Fur Rendezvous approved of the pins. Given the point of sale disclaimers, however, as well as the disclaimers on the pins, it is very unlikely that someone will believe that Greater Anchorage endorsed or produced the pins. Furthermore, the words "Fur Rendezvous" now appear only on the photograph portion of the pin. The additional lettering does not include the words "Fur Rendezvous". This further minimizes any possibility of confusion.

The present case is analogous to Job's Daughters. The words "Fur Rendezvous" on Nowell's pins serve an aesthetic purpose

only. There is no evidence that people would be likely to buy Nowell's pins because they believe that the pin was produced or endorsed by Greater Anchorage. Nowell's use of the words "Fur Rendezvous" therefore serves a functional purpose only, and does not create a likelihood of confusion.

Nowell appeals the district court's denial of attorneys' fees. A prevailing party may recover attorneys' fees under 15 U.S.C. § 1117 "only in 'exceptional cases', 15 U.S.C. § 1117, such as where the opposing party is guilty of 'extraordinary, malicious, wanton, and oppressive conduct'. Transgo, Inc., 768 F.2d at 1026." Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991). Although Greater Anchorage may have blindly pursued this suit despite the small likelihood of success, and obstinately refused to enter

into settlement negotiations, it is not clear that Greater Anchorage has acted in an extraordinary or malicious manner. Therefore, we cannot say that the district court abused its discretion by denying Nowell attorneys' fees.

The district court's judgment is AFFIRMED.

IN THE UNITED STATES DISTRICT COURT

FOR THE STATE OF ALASKA

Civil Action No. A89-047

GREATER ANCHORAGE, INC.
Plaintiff

v.

VERNON NOWELL
Defendant

ORDER

This matter having come on for hearing on the cross motions of the parties for Summary Judgment, and on defendant's Motion for an Award of Attorneys' Fees, and the court having reviewed the memoranda and affidavits filed by the parties, and being duly advised, makes the following Findings of Facts, Conclusions of Law, and Order:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I.

The defendant has sold pins which contain the words "Fur Rendezvous", both

with or without certain disclaimer language affixed to the reverse side of the pins.

II.

Plaintiff registered the service mark "Fur Rendezvous" with the U.S. Patent Office on October 26, 1976, Registration Number 1,051,513.

III.

The defendant's sale of the pins without the disclaimer language affixed to the reverse side thereof was likely to "cause confusion, or to cause mistake, or to deceive" within the meaning of 15 U.S.C. § 1114.

IV.

The defendant did not recover any net profits as a result of the sales of the pins without the disclaimer language.

V.

The defendant's sale of pins with the disclaimer language affixed to the reverse side thereof was and is not likely to

"cause confusion, or to cause mistake, or to deceive" within the meaning of 15 U.S.C. § 1114.

ORDER

1. On its Motion for Summary Judgment, the plaintiff is granted an injunction prohibiting the sale or marketing of pins by the defendant without disclaimer language affixed to the reverse side of the pins. To that extent, plaintiff's Motion for Summary Judgment is GRANTED.

2. With respect to the defendant's Motion for Summary Judgment, the defendant can sell and market the pins as long as there is an appropriate disclaimer which makes it clear that the defendant's pins are not affiliated with, or sponsored by, the plaintiff. The disclaimer language which the defendant has used, and which is included as Exhibit B to the defendant's Memorandum in Support of his Motion for

Summary Judgment, is specifically approved by this court. To this extent defendant's motion for summary judgment is GRANTED.

3. In addition to and including the above-referenced disclaimer language on the reverse side of any pins sold or marketed, the defendant must also include similar disclaimer language in any advertising, and at any sales outlets for the pins.

4. Since the defendant has sustained a net loss with respect to the sales of pins without the disclaimer language, the plaintiff has not yet made a showing that it is entitled to monetary damages. The court is not prepared at the present time, however, to enter a Summary Judgment dismissing plaintiff's claim for monetary damages.

5. The defendant's Motion for an Award of Attorneys' Fees is DENIED.

DATED THIS 19th day of September, 1990.

/s/
JAMES K. SINGLETON
U.S. District Court Judge

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ALASKA

GREATER ANCHORAGE, INC.
Plaintiff

v.

VERNON NOWELL
Defendant

Case No. A89-047 Civil

ORDER DENYING MOTION TO AMEND OR ALTER JUDGMENT

On September 4, 1990, this court decided the parties' respective motions for summary judgment and Nowell's motion for attorneys' fees. The court granted in part and denied in part each parties' motion for summary judgment and denied Nowell attorneys' fees. Essentially, Nowell was ordered not to infringe plaintiff's trademark, but was permitted to market his badge with an appropriate disclaimer in order to make it clear that he had no affiliation with plaintiff. [Docket No.

25] On September 28, 1990, plaintiff filed a motion to alter or amend judgment which in effect is a request for reconsideration of this court's prior order. [Docket No. 27] Having carefully considered all of the arguments made, including those initially presented in support of plaintiff's motion for summary judgment, the court has concluded that its original decision is correct and should not be reconsidered. Plaintiff is no doubt correct that defendant should not be permitted to market a brown liquid in glass bottles and call it Coka Cola even if he disclaims any affiliation with a similarly named operation from Atlanta, Georgia. But the cases make it clear that each case must be decided on its own facts and in light of the history of the parties and the circumstances surrounding their situation. Defendant seeks to market a facsimile of an historic badge, first produced years before

plaintiff came into existence. The court is satisfied that the manner in which defendant seeks to market that badge, so long as it is made clear that defendant is not affiliated with plaintiff, will not infringe plaintiff's rights, or trade on plaintiff's goodwill and reputation. Of course, if defendant does not abide by this court's order and markets his badge in such a way as to trade on plaintiff's name, then plaintiff will be entitled to further relief from this court, but that is a matter to be addressed, if and, when it arises.

IT IS THEREFORE ORDERED:

Plaintiff's motion to alter or amend judgment at Docket No. 27 is DENIED. The parties are ordered to confer and report to the court no later than two weeks from the date of this order regarding any further matters that need to be addressed in this case.

DATED at Anchorage, Alaska this 22nd day of October 1990.

/s/
JAMES K. SINGLETON, JR.
JUDGE UNITED STATES DISTRICT COURT

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